

FISCAL NOTE

Bill #: SB0161

Title: Tribal license plates

Primary

Sponsor: Greg Jergeson

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	\$29,376	\$0
Revenue:	\$0	\$0
Net Impact on General Fund Balance:	(\$29,376)	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Justice

1. Approximately 62,700 individuals of all ages are registered members of the seven tribal governments recognized in Montana.
2. No data is available to the agency to determine the number of vehicles owned by members of these tribal governments. Therefore, the agency is not able to estimate impacts on state or local government revenues or expenditures.
3. Department of Justice (DOJ) operating expenses are estimated at \$29,376 in FY 2000 consisting of \$5,276 for computer processing time due to programming and system testing and \$24,000 for consultant services for an estimated 320 hours at \$75/hour. It will be necessary to contract for programming with an outside vendor since programming staff are committed to complying with Y2K needs.

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Department of Corrections

4. New sections 1 through 10 of SB161 establish procedures for tribal government sovereign nation license plates. These sections somewhat copy the appropriate MCAs used for collegiate plates (61-3-461-467) with sovereign nation license plates substituted for collegiate plates.
5. Same procedures currently used on collegiate plates will be applicable for sovereign nation license plates based on the proposed legislation.
6. Montana Correctional Enterprises (MCE) industries program (A/E 06034) will account for all revenue and expenditure activity for the sovereign nation license plate activity.
7. Due to mechanism used for collegiate plates (which would be duplicated for sovereign nation license plates) MCE does not receive revenue on plates until sold so as a result carries all manufacturing and inventory cost of the plates until the revenue is collected sometime in the future. Revenue for the cost of the plates manufactured on one roll of scotchlite and distributed to the treasurer's office may take more than one year to be received by MCE.
8. Sovereign nation license plates start up costs will require 400 sets of plates ordered and \$1,000 prepaid before manufacturing begins to cover initial roll of scotchlite. Section 3, subsection (3) and (4) require 400 sets of sovereign nation license plates to be ordered and prepaid. Initial cost of scotchlite rolls has increased over the years and a roll of scotchlite of two colors is approximately \$1,400.
9. All costs associated with initial design or re-design, and set up will be borne by the tribal nation government
10. Sovereign nation license plates will have a maximum of seven spaces available, including the space for the insignia.
11. Existing license plate facility and MCE operations have the capability to produce the sovereign nation license plates once the design and initial setup is determined. The 2001 biennium budget request is adequate to cover costs associated with this bill.
12. Volume of plates of this type is hard to project, but numbers are not anticipated to be large due to current history on a majority of the college license plate types that are similar.
13. Production of these types of plates is not anticipated to be over 500 sets in a year.

Governor's Office

14. There is no fiscal impact to the Governor's Office.

FISCAL IMPACT:

Department of Justice:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$29,376	\$0
<u>Funding:</u>		
General Fund (01)	\$29,376	\$0
<u>Revenues:</u>	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$29,376)	\$0

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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Department of Justice

No data is available to the DOJ to determine the number of vehicles owned by members of the tribal governments. Therefore, the agency is not able to estimate impacts on state or local government revenues or expenditures.

LONG-RANGE IMPACTS:

Department of Corrections

Depending on the volume of sovereign nation license plates produced and the time between manufacture and receipt of revenue, the MCE Industries Program may incur significant accounts receivable or carrying costs of inventory. This could impact the MCE Industries Program if the dollar amount involved is large.

TECHNICAL NOTES:

Department of Corrections

1. Initial application and manufacturing fee of \$2.50 for collegiate or sovereign nation license plates basically results in a break-even operation for MCE industries after consideration of inventory and accounts receivable carrying costs.
2. The current collegiate license plate program for MCE industries results in a break-even operation and an accounts receivable outstanding monthly of \$10,000 to \$12,000.
3. This bill will increase the current number of license plates currently produced by the MCE license plate operation or needing to be reviewed by the Highway Patrol Division.